

NG 97-015

12/20

NG 97-015

SECRET NO.

We the Members of _____

IN THE MATTER OF THE
APPLICATION OF ASSOCIATED MILK
PRODUCERS, INC. PIPELINE, INC. FOR
APPROVAL OF CHANGE IN AN
INTRASTATE NATURAL GAS
TRANSPORTATION RATE

Public Utilities Commission of the State of South Dakota


DATE	MEMORANDA
	Continuation of N497-015 Packet which has been microfilmed.
2/23/00	Received Request for Extension;
2/24/00	Reply Filing;
3/6/00	Order Granting Extension;
3/6/00	Packet Closed.



Facsimile Cover Sheet

Northern States Power Company

To: Bill Bullard
Company: South Dakota Public Utilities Comm.
Phone: 605-773-3201
Fax: 605-773-3809

From: John Winter 
Address: 414 Nicollet Mall
Minneapolis, MN 55401
Phone: 612-330-5785
Pager: 888-339-3007
Fax: 612-330-7601
Email: john.d.winter@nspco.com

Date: February 23, 2000
Number of pages
including this 2
cover sheet:

Comments:

The attached requests an extension of the AMPIP filing to April 1, 2000. Please call with questions or concerns. Thanks!

**Northern States Power Company**

414 Nicollet Mall
Minneapolis, Minnesota 55401

Writer's Direct Dial: 612-330-5785
Writer's Fax: 612-330-7601
Writer's Email: john.d.winter@nspco.com

February 23, 2000

William Bullard, Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070

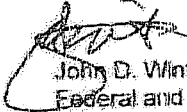
Re: Associated Milk Producers, Inc. Pipeline, Inc. Intrastate Natural Gas Transportation Rate
Docket No. NG97-015

Dear Mr. Bullard:

NSP has again agreed to provide cost of service and rate design assistance to Associated Milk Producers, Inc., Pipeline, Inc. ("AMPIP") in the matter of their intrastate natural gas transportation rate for their facility in Freeman, SD. In the Commission's order dated June 2, 1998, AMPIP was allowed to continue applying its proposed rate until September 1, 2000. However, the Commission also ordered AMPIP to refile proposed tariffs by March 1, 2000 incorporating Staff's recommendations. Due to a variety of circumstances, including resource and data availability, NSP, on behalf of AMPIP, respectfully requests an extension of the filing date to April 1, 2000. We are confident that this change will not adversely affect customers, since AMPIP will refund, with interest, any revenue over-recoveries.

Thank you for your consideration of this matter. Please feel free to contact me with any questions or concerns.

Yours truly,


John D. Winter
Federal and Dakotas Regulatory Manager
Regulatory Services Department

cc: Harlan Mammen, President, AMPIP
Greg Rislov, SDPUC Staff
James Wilcox, NSP-SD
James Smith, NSP

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)	FINDINGS OF FACT AND
ASSOCIATED MILK PRODUCERS, INC.)	CONCLUSIONS OF LAW;
PIPELINE, INC. FOR APPROVAL OF CHANGE)	NOTICE OF ENTRY OF
IN AN INTRASTATE NATURAL GAS)	ORDER
TRANSPORTATION RATE)	NG97-015

On September 5, 1997, the Associated Milk Producers, Inc. Pipeline, Inc. (AMPIP), a subsidiary of Associated Milk Producers, Inc. (AMPI), filed with the Public Utilities Commission (Commission) an application requesting a revision to its natural gas transportation rate and tariff so it may serve both AMPI and a new municipal gas utility to be owned and operated by the City of Freeman, South Dakota (Freeman). No other type of service or rate will be offered on the pipeline at this time. In the future, AMPIP may add additional farm tap customers along the line, at the same rate under Schedule FT. AMPIP also requested a waiver of ARSD rules 20:10:13:04 and 20:10:13:05. AMPIP proposed an effective date of October 5, 1997.

According to its application, there are three major reasons for the rate change. First, the proposed rate is a volumetric rate per Mcf rather than the current monthly fixed charge. A volumetric rate allows more flexibility to both AMPIP and Freeman as customers are added within the municipality and volumes change over time. It also sends pricing signals to Freeman and AMPI related to their utilization of the pipeline facility. During periods of low use, customer bills will reflect that lower seasonal use, and vice versa. Second, a portion of the pipeline will be sold to the City of Freeman which changes the underlying cost data supporting the old rate. Third, after slightly more than a year of operation, more accurate cost data is now available. The proposed rate is \$0.99 per Mcf. Both AMPI and Freeman have agreed to the proposed volumetric rate.

By order dated October 3, 1997, the Commission allowed the transportation rate to go into effect on October 5, 1997, subject to refund and required AMPIP to deposit a filing fee pursuant to SDCL 49-1A-8. By amended order dated March 19, 1998, a hearing was scheduled for March 30, 1998, in Sioux Falls, South Dakota. The hearing was held as scheduled.

At its May 12, 1998, meeting, the Commission considered this matter. The Commission ruled as follows: (1) AMPIP shall use a forecasted, 45 year levelized cost of service, calculated in the same manner as found on Exhibit 4; (2) the current \$.99 rate per Mcf shall be left in place until September 1, 2000, subject to refund at an interest rate of 9%; (3) any undercollections by AMPIP are at the risk of AMPIP, (4) depreciation on the facility shall begin when the plant was first used in March of 1996; (5) AMPIP shall refile the proposed tariffs that incorporate Staff's recommendations that AMPIP agreed to at the hearing for Staff's review; and (6) AMPIP shall submit an application for a change in the

intrastate natural gas transportation rate by March 1, 2000. Chairman Burg dissented on the charging of interest.

Based on the evidence received at the hearing, the Commission makes the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

1. On September 5, 1997, AMPIP filed an application requesting a revision to its natural gas transportation rate and tariff so it may serve both AMPIP and a new municipal gas utility to be owned and operated by Freeman. Exhibit 1.

2. Although AMPIP's calculations indicated a rate of \$.945 per Mcf, AMPIP requested that its current \$.99 rate per Mcf be left in place until September 1, 2000, subject to refund. Tr. at 5, 18. AMPIP believed that the rate was reasonable since sales projections are less than anticipated in the near term and the pipeline is being operated just to recover costs. Tr. at 29. AMPIP further stated that any undercollections would be at the risk of the pipeline company. Tr. at 18.

3. AMPIP disagreed with Staff's recommendation that set the date in service back 18 months from AMPIP's proposed date in service. Tr. at 15. The effect of Staff's recommendation was that depreciation would begin earlier. Staff's recommendation was based on when the pipeline began operating, which was March of 1996. Tr. at 47-48.

4. Staff recommended a rate of \$.9295 per Mcf based on a levelized cost of service of \$199,112.00. Tr. at 34, 37; Exhibit 4; Exhibit 5. Staff recommended an interest rate of 9% for any refund, which is AMPIP's debt cost. Tr. at 44.

5. Staff recommended changes to AMPIP's proposed tariff which AMPIP agreed to at the hearing. Tr. at 24-25.

6. The mayor of Freeman stated that the city agrees with leaving the \$.99 cent rate per Mcf until the year 2000. Tr. at 61.

7. The Commission finds that it will allow AMPIP to continue to charge its current rate of \$.99 per Mcf until September 1, 2000, subject to refund at an interest rate of 9%. The Commission will allow this since any overcollections will be refunded with interest.

8. The Commission finds that AMPIP shall use a forecasted, 45 year levelized cost of service, calculated in the same manner as found on Exhibit 4.

9. The Commission finds that any undercollections by AMPIP are at the risk of AMPIP.

10. The Commission finds that depreciation on the facility will be calculated from the time the plant started being used in March of 1996.

11. The Commission finds that AMPIP shall refile the proposed tariffs that incorporates Staff's recommendations that AMPIP agreed to at the hearing. The revised tariffs shall be reviewed by Staff.

12. The Commission finds that AMPIP shall submit an application for a change in the intrastate natural gas transportation rate by March 1, 2000.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, specifically 1-26-17.1, 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10, 49-34A-11, 49-34A-12, 49-34A-13, 49-34A-13.1, 49-34A-17, 49-34A-19, and 49-34A-21.

2. The Commission concludes that allowing AMPIP to continue to charge its current rate of \$.99 per Mcf until September 1, 2000, subject to refund at an interest rate of 9% is fair and reasonable. AMPIP shall also comply with the Commission's Findings of Fact 7 through 12, inclusive.

It is therefore

ORDERED, that AMPIP may continue to charge its current rate of \$.99 per Mcf until September 1, 2000, subject to refund at an interest rate of 9%; and it is

FURTHER ORDERED, that AMPIP shall use a forecasted, 45 year levelized cost of service, calculated in the same manner as found on Exhibit 4; and it is

FURTHER ORDERED, that any undercollections by AMPIP are at the risk of AMPIP; and it is

FURTHER ORDERED, that depreciation on the facility will be calculated from the time the plant started being used in March of 1996; and it is

FURTHER ORDERED, that AMPIP shall refile the proposed tariffs that incorporate Staff's recommendations that AMPIP agreed to at the hearing and the revised tariffs shall be reviewed by Staff; and it is

FURTHER ORDERED, that AMPIP shall submit an application for a change in the intrastate natural gas transportation rate by March 1, 2000.

NOTICE OF ENTRY OF ORDER

PLEASE TAKE NOTICE that this Order was duly entered on the 2nd day of June, 1998. Pursuant to SDCL 1-26-32, this Order will take effect 10 days after the date of receipt or failure to accept delivery of the decision by the parties.

Dated at Pierre, South Dakota, this 2nd day of June, 1998.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By:

Alaine Kalso

Date:

6/2/98

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg

JAMES A. BURG, Chairman

(dissented on the charging of interest)

Pam Nelson

PAM NELSON, Commissioner

Laska Schoenfelder

LASKA SCHOENFELDER, Commissioner

South Dakota Public Utilities Commission

WEEKLY FILINGS

For the Period of February 17, 2000 through February 23, 2000

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.

Phone: 605-773-3705 Fax: 605-773-3809

CONSUMER COMPLAINTS

CT00-038 In the Matter of the Complaint filed by Leland R. and Coralie V. Bush, Sioux Falls, South Dakota, against Sprint Communications Company L.P. Regarding Unauthorized Switching of Services.

The Complainant indicates that their long distance phone service was switched without their authorization. The Complainant states, "With the frequency of slamming being done (per FCC information) - I feel the urgency for an amount of compensation awarded to deter this type of practice by Sprint to STOP!"

Staff Analyst: Heather Forney

Staff Attorney: Karen Cremer

Date Docketed: 02/17/00

Intervention Deadline: NA

CT00-039 In the Matter of the Complaint filed by Byron Nogelmeier, Parker, South Dakota, against Excel Telecommunications, Inc. Regarding Billing Issues.

In July, 1999, complainant switched intrastate and interstate long distance service. Complainant continued to receive bills from his previous carrier, Excel Telecommunications through December, 1999. Complainant contacted Excel several times to inform them he had changed long distance carriers. The complainant requests "that Excel be required to pay me the maximum amount allowed by law, which I believe is \$1,000.00 and to refund to me all the charges for the months in question."

Staff Analyst: Michele Farris

Staff Attorney: Karen Cremer

Date Docketed: 02/23/00

Intervention Deadline: NA

NG97-015 In the Matter of the Application of Associated Milk Producers, Inc. Pipeline, Inc. For Approval of Change in an Intrastate Natural Gas Transportation Rate.

On June 2, 1998, the Commission approved a change in the rate charged by Associated Milk Producers, Inc. Pipeline, Inc. which served AMPI and the City of Freeman. That decision ordered "that AMPIP shall submit an application for a change in the intrastate natural gas transportation rate by March 1, 2000." Northern States Power Company has again agreed to provide cost of service and rate design assistance to AMPIP in the current filing. On February 23, 2000, the Commission received a request from Northern States Power Company to extend the filing date to April 1, 2000.

Staff Analyst: Dave Jacobson

Staff Attorney: Karen Cremer

Intervention Deadline: NA

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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)	ORDER GRANTING
ASSOCIATED MILK PRODUCERS, INC.)	EXTENSION
PIPELINE, INC. FOR APPROVAL OF CHANGE)	
IN AN INTRASTATE NATURAL GAS)	NG97-015
TRANSPORTATION RATE)	

On September 5, 1997, the Associated Milk Producers, Inc. Pipeline, Inc. (AMPIP), a subsidiary of Associated Milk Producers, Inc. (AMPI), filed with the Public Utilities Commission (Commission) an application requesting a revision to its natural gas transportation rate and tariff so it may serve both AMPI and a new municipal gas utility to be owned and operated by the City of Freeman, South Dakota (Freeman). AMPIP proposed an effective date of October 5, 1997.

By order dated October 3, 1997, the Commission allowed the transportation rate to go into effect on October 5, 1997, subject to refund and required AMPIP to deposit a filing fee pursuant to SDCL 49-1A-8. By amended order dated March 19, 1998, a hearing was scheduled for March 30, 1998, in Sioux Falls, South Dakota. The hearing was held as scheduled. At its May 12, 1998, meeting, the Commission considered this matter. The Commission ruled as follows: (1) AMPIP shall use a forecasted, 45 year levelized cost of service, calculated in the same manner as found on Exhibit 4; (2) the current \$.99 rate per Mcf shall be left in place until September 1, 2000, subject to refund at an interest rate of 9%; (3) any undercollections by AMPIP are at the risk of AMPIP; (4) depreciation on the facility shall begin when the plant was first used in March of 1996; (5) AMPIP shall refile the proposed tariffs that incorporate Staff's recommendations that AMPIP agreed to at the hearing for Staff's review; and (6) AMPIP shall submit an application for a change in the intrastate natural gas transportation rate by March 1, 2000. Chairman Burg dissented on the charging of interest.

On February 23, 2000, John Winter, Federal and Dakotas Regulatory Manager for Northern States Power Company (NSP), filed a request on behalf of AMPIP requesting an extension of the March 1, 2000, filing date to April 1, 2000.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-34A, specifically 1-26-17.1, 49-34A-4, 49-34A-6, 49-34A-8, 49-34A-10, 49-34A-11, 49-34A-12, 49-34A-13, 49-34A-13.1, 49-34A-17, 49-34A-19, and 49-34A-21.

At its regularly scheduled February 29, 2000, meeting, the Commission considered this request. Commission Staff recommended granting the request. The Commission unanimously voted to grant the request for an extension. It is therefore

ORDERED, that AMPIP shall submit an application for a change in the intrastate natural gas transportation rate by April 1, 2000.

Dated at Pierre, South Dakota, this 6th day of March, 2000.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By Arlaine Kacks

Date: 3/8/00

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner